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INFO RUEHAD/AMEMBASSY ABU DHABI 0361  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEKJCS/SECDEF WASHDC

UNCLAS JAKARTA 001074

SIPDIS

DEPT FOR PM/DTCC/BLUE LANTERN COORDINATOR (JOUBERT-LIN)

E.O. 12958: N/A  
TAGS: [KOMC](#) [ETTC](#) [AE](#) [ID](#)  
SUBJECT: RESULTS OF BLUE LANTERN LEVEL 3: POST SHIPMENT END-USE  
CHECK ON LICENSE 050020258

REFS: A) Joubert-Lin-Valdez emails  
B) Abu Dhabi 517  
C) State 17021

11. Please see Action Request in para 5.

12. Summary: The U.S. Munitions List (USML) item detailed in Ref C is located at PT Dirgantara Indonesia's (DI) warehouse. The item was ordered by DI, the foreign consignee, and was received by DI in 12006. The item has not been delivered to the United Arab Emirates (UAE) Air Force, the end-user, because the end-user has not arranged payment for the parts order. DI is attempting to resolve the payment issue and is prepared to deliver the item once the payment issue is resolved. DI, also known as Indonesian Aerospace, is a well-established Indonesian state-owned enterprise. End Summary.

13. On June 18, Embassy officer visited the DI facility and met with DI Aircraft Service Manager Slamet Setyono to verify the order of the AN/ARC-182 Panel Mount Receiver-Transmitter detailed in Ref C. Slamet confirmed that DI ordered the USML item from the U.S. firm Liberty Logistics and received it in December 2006. Slamet noted that DI is storing the purchased component in its secure warehouse and has not yet sent it to the end-user due to an unresolved payment issue. Embassy officer visually inspected the USML item and confirmed the identifying numbers (photos to be sent via email). The transaction is related to post-sales maintenance service of DI's CN-235 aircraft sold to the UAE Air Force. DI provides on-going services to the UAE Air Force but the USML item in question is held up along with nearly \$1M of other items that are part of a single unpaid order from the end-user.

14. According to Slamet and documents that he shared (copies to be sent via email), DI is waiting for a letter of credit or confirmation of payment from the end user before it ships the USML item and the rest of the order to the UAE Air Force. During the placement of the order in question, the UAE Air Force changed its maintenance procurement procedures and outsourced all maintenance and related procurement to a company called GANCO/Abu Dhabi Advanced Technology. UAE Air Force continues to make other purchases from and payments to DI via the new UAE Air Force procurement process. However, the \$1 million parts order, including the USML item in question, is in limbo between the old and the new procurement processes. Although this order is three years old, Slamet said they still expect to receive payment and deliver the part to the end-user. Representatives from DI have flown to the UAE twice to try to resolve the payment issue.

15. Action request: Slamet noted that DI is aware of the restrictions on USML articles, including those pertaining to re-export. DI expects the payment issue to be resolved and the part to be delivered to the end-user. However, DI asked for a State Department opinion on what they can and should do with the USML item if payment is never received from the end-user. Post requests Department clarification on what options the foreign consignee has for final disposition of the USML item if the end-user

does not pay for the part and what process the foreign consignee should follow in this regard.

¶6. DI, also known as Indonesian Aerospace (IAE), was established in 1976. It is an Indonesian state-owned enterprise. Before 2000, the company was called Industri Pesawat Terbang Nusantara (IPTN) and was led by former Indonesian President Habibie. On August 24, 2000, then President Abdurrahman Wahid officially changed the name of IPTN to PT Dirgantara Indonesia or Indonesian Aerospace. The Government of Indonesia owns 100 percent of the outstanding shares in the company.

¶7. According to DI representatives, DI's aircraft products include the CN-235 Civil, CN-235 Military and CN-235 Maritime. They also hold an aircraft production license as part of a subcontract program for the NC-212, Boeing 757, and Airbus A330, A340 and A380 and a helicopter production license for the Super Puma NAS-332. The company also provides engineering services such as design development testing, manufacturing subcontracts, and aircraft and engine maintenance repair and overhaul (MRO). DI also has four subsidiary companies including a company named IPTN-North America, Inc., located at 1035 Andover Park West, Suite B, Seattle, WA 98188 - 7681, U.S.A. Detailed information about the company can be found at its website: [www.indonesian-aerospace.com](http://www.indonesian-aerospace.com).

¶8. The contact information for DI is:

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HUME